

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 A-01 EB-11 L-03 AID-20 SSO-00 IGA-02

COME-00 TRSE-00 OMB-01 CIAE-00 INR-11 NSAE-00 RSC-01

PA-04 PRS-01 USIE-00 HEW-08 SS-20 NSCE-00 NSC-07

INRE-00 /111 R

DRAFTED BY ARA-LA/CAR:WBWHEELER:AF

APPROVED BY ARA - JACK B. KUBISCH

A - JOHN E. MURPHY (SUBSTANCE)

EB - THOMAS ENDERS (SUBSTANCE)

L/EB - STEPHEN BOND (DRAFT -P.1)

ARA-LA/CAR - JOHN R. BURKE

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FM SECSTATE WASHDC

TO AMEMBASSY KINGSTON IMMEDIATE

C O N F I D E N T I A L STATE 162106

E.O. 11652: GDS

TAGS: EAID, EMIN, JM

SUBJECT: JAMAICA EDUCATION SECTOR LOAN

FOR THE AMBASSADOR

1. ASSISTANT SECRETARY KUBISCH MET WITH AMBASSADOR
FLETCHER AT 1630 THURSDAY AFTERNOON, JULY 25, AND MADE THE
FOLLOWING POINTS REGARDING THE EDUCATION LOAN:

-- A.I.D. HAS AUTHORIZED A DOLS. 9.1 MILLION SECTOR LOAN TO
ASSIST JAMAICAN RURAL EDUCATION. THE LOAN IS CONSISTENT
WITH THE CONCLUSIONS OF THE JOINT GOJ-A.I.D. EDUCATION
SECTOR ASSESSMENT AND WILL HELP FINANCE THE EDUCATION PRO-
GRAMS SPECIFIED BY THE GOJ IN ITS REQUEST TO A.I.D.

-- THE UNITED STATES HAS PROCEEDED WITH THIS LOAN AUTHORI-
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ZATION IN THE SPIRIT OF FRIENDSHIP AND IN THE INTERESTS OF

THE GOOD RELATIONS WHICH HAVE EXISTED BETWEEN THE USG AND GOJ.

-- HOWEVER, OUR ABILITY TO PROVIDE ASSISTANCE IS NOT UNRELATED TO DEVELOPMENTS IN THE BAUXITE NEGOTIATIONS. IT IS IMPORTANT FOR THE GOJ TO REALIZE THAT REACTIONS WITHIN THE UNITED STATES, INCLUDING IN THE CONGRESS, AND LEGISLATION

ALREADY GOVERNING FOREIGN ASSISTANCE, SPECIFICALLY THE HICKENLOOPER AND GONZALEZ AMFNDMENTS, COULD AFFECT THIS AND OTHER ASSISTANCE ACTIVITIES TO JAMAICA IF AN ACCEPTABLE AGREEMENT IS NOT REACHED WITH THE ALUMINUM COMPANIES.

-- THE AUTHORIZATION OF THE LOAN, WHICH IS SIMPLY A STEP PRECEDENT TO NEGOTIATING A DOCUMENT FOR OBLIGATION, IS EVIDENCE OF OUR PRESUMPTION THAT SUCH AN AGREEMENT WITH THE COMPANIES WILL BE REACHED.

-- A.I.D. IS PREPARED TO DRAFT AND NEGOTIATE A LOAN AGREEMENT WITH THE GOJ; WE SHOULD BOTH UNDERSTAND HOWEVER THAT THE STATUS OF THE BAUXITE SITUATION COULD AFFECT ANY FINAL EXECUTION OF THE AGREEMENT.

-- IT IS ALSO A.I.D.'S INTENTION TO INCLUDE IN THE DRAFT LOAN AGREEMENT A PROVISION WHICH WILL PROVIDE FOR ACCELERATION OF REPAYMENT AND/OR DIFFERENT TERMS, I.E., A HIGHER RATE OF INTEREST, IF JAMAICA'S ECONOMIC SITUATION IMPROVES TO THE EXTENT THAT IT NO LONGER REQUIRES CONCESSIONAL LENDING. A.I.D. CONSIDERS THIS PROVISION TO BE NECESSARY BECAUSE OF THE LIMITED AVAILABILITY OF CONCESSIONAL FUNDS AND THE SUBSTANTIAL DEMANDS FOR ASSISTANCE.

2. OTHER ASPECTS OF THEIR CONVERSATION WILL BE REPORTED BY SEPTEL.

3. AMBASSADOR FLETCHER REQUESTED THE OPPORTUNITY TO PERSONALLY CONVEY THIS MESSAGE TO HIS GOVERNMENT AND SUGGESTED THAT THE U.S. EMBASSY IN KINGSTON HOLD OFF ANY CONTACTS WITH THE GOJ ON THIS SUBJECT UNTIL MONDAY. IF CONFIDENTIAL

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EMBASSY RECEIVES QUESTIONS, YOU MAY AT YOUR DISCRETION, ADVISE THE GOJ THAT YOU UNDERSTAND THAT THE SUBJECT OF THE LOAN WAS DISCUSSED WITH AMBASSADOR FLETCHER IN WASHINGTON. AFTER NOON MONDAY, THE EMBASSY MAY AT ITS DISCRETION ADVISE THE APPROPRIATE GOJ REPRESENTATIVE OF THE LOAN AUTHORIZATION AND MAKE THE POINTS IN PARA ONE ABOVE.

4. DEPARTMENT EXPECTS TO ADVISE ALUMINUM INDUSTRY REPRESENTATIVES ON JULY 26 REGARDING THE LOAN AUTHORIZATION AND ASSISTANT SECRETARY KUBISCH'S MEETING WITH AMBASSADOR FLETCHER.

5. ANTICIPATE A.I.D. WILL ISSUE LOW KEY PRESS RELEASE REGARDING LOAN AUTHORIZATION SOME TIME NEXT WEEK. EMBASSY

WILL BE ADVISED IN ADVANCE AND PROVIDED GUIDANCE REGARDING THIS RELEASE.

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